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Contact: Teri Rizvi
rizvi@udayton.edu

NEWS RELEASE

UNIVERSITY OF DAYTON GIVES ITS SAVVY FINANCE STUDENTS \$3 MILLION OF ENDOWMENT TO INVEST, PLACES FUND AMONG THE TOP IN NATION

DAYTON, Ohio — The stock market may be rocky, but there's nothing shaky about the confidence of University of Dayton trustees in the ability of undergraduate finance students to manage a chunk of the University's endowment.

University of Dayton officials have transferred another \$1 million with a promise to add two \$500,000 increments by the end of the academic year, bringing the fund up to \$3 million. If the portfolio performs well, trustees promise to boost the fund to \$5 million, which would place the University of Dayton in the upper echelon of universities nationally that gives students real money to manage.

According to preliminary survey results by UD's Center for Portfolio Management, UD's fund now ranks among the top 15 student-managed portfolios in the country. Once the portfolio reaches \$5 million, it will be one of two portfolios of that size managed solely by undergraduates. The University of Arkansas is the other fund.

"As an investment committee representing the University, we think the students will do a good job and get a good return. They have a track record of performing well," said Michael E. Ervin, chair of the investment committee of the board of trustees and retired president and CEO of Wright Health Associates Inc. "Our intent is to give them \$5 million, but we're going to treat them like any other money manager and look at their performance first before committing the additional funds."

In the University of Dayton's Center for Portfolio Management, 15 finance students manage the funds in an environment that simulates Wall Street. Students use the same software and subscription services used by major financial institutions globally. Two Bloomberg terminals provide news and security information, while four televisions allow students to monitor CNBC, CNN, Bloomberg TV and other networks. A ticker board displays real-time information on stock trades, and a bank of clocks reflects the time in each of the major trading markets. The students report to the University of Dayton's board of trustees' investment

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OFFICE OF PUBLIC RELATIONS
300 College Park Dayton, Ohio 45469-1679
(937) 229-3241 (937) 229-3063 Fax
www.udayton.edu

committee and operate under the same guidelines as other University endowment managers.

"They have consistently outperformed the benchmark — 1 percent for the quarter, 4 percent for the year and 5.5 percent per year during the past three years of operation," said David Sauer, founding director of the center and an associate professor of finance. He preaches diversification and thorough analysis while holding veto power over the students' stock picks. He's never overturned a decision.

Investing millions of dollars "does add extra pressure," said Melanie Goss, a 21-year-old double accounting and finance major from Barberton, Ohio, who manages the center. "It's not just a grade. You have to report to the board of trustees and be accountable for the money. We've beaten the benchmark every quarter, and we're honored that trustees believe we're the kind of money managers they're willing to trust with more money."

Robert J. Froehlich, a familiar face on CNBC's "Squawk Box" and a member of the Center for Portfolio Management's advisory board, is a huge proponent of allowing students to hone their skills with real money — particularly in a bear stock market where even seasoned money managers are watching portfolios shrink.

"This is without a doubt the greatest piece of practical experience that the students will get," said Froehlich, chief investment strategist for Deutsche Asset Management in Chicago. "It enables them to not just hit the ground running. The confidence level it gives the students is the real benefit of this program. You'd typically see that confidence in someone who's been in the work force three or four years."

The experience may make the difference between getting a job or not. "As we look out on the horizon 10 years down the road, I don't think people will get a job in this industry if they don't get firsthand experience while they're in school," he said, noting that mock stock portfolios don't work. "When it's not real money, there's not the same level of intensity to it. So what? You lose money on paper. The responsibility is the issue that the money brings."

As trustee Ervin noted, "Play money is good only in Monopoly. It's one thing to say I took a class in investing. It's another to say I managed a \$5 million portfolio."

The University of Dayton has gained a national reputation as a leader in investment management education. UD annually stages a national portfolio management competition for college students and brings in nationally known investment strategists to share best practices with students who travel here from around the country and Canada. The next event is slated March 26-28. For the past two years, the winning teams have opened the Nasdaq MarketSite and this year appeared on CNBC's "Squawk Box."

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For media interviews, contact **David Sauer** at (937) 229-4761, 229-2757, 239-8721 or David.Sauer@notes.udayton.edu.